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GENERAL POLITICAL CONSIDERATIONS

Economic developments in Nigeria during 1952 should be observed against the background of the area's political developments. The country's politics during 1952 were characterized by uncertainty and political experimentation under a new constitution, which did not actually begin to function until the first general elections, held in November 1951. Nigeria's new constitution was planned to serve as the basis for a period of training for self-government, it being the stated policy of the British Government that Nigeria should eventually become a self-governing unit of the Commonwealth. By year's end, however, it was obvious that the government would not operate effectively without basic revisions.

Under the present constitution some allowance has been made for the wide economic, social and local political divergence between the various sections of Nigeria, which divergences may be seen in differences in climate and geography, different tribal constitution, different cropping and economic systems, different languages, different dress and different systems of local law and custom. Nigeria is, under the present constitution, divided into three Regions for governance - Northern, Eastern and Western. Each Region has its own legislature (bi-cameral in the North and West, unicameral in the East), its own council of ministers and its own system of local administration. From the regional legislatures representatives are sent to the central legislature (House of Representatives) in Lagos. A Council of Ministers for the entire country functions from Lagos. In all of the governmental bodies, both legislative and executive, there is a majority of Nigerians. Chief executive of the country is, as formerly, the Governor, who has certain significant reserved powers as the Queen's representative; it should be noted that he actually has a great deal of authority at his disposal if the need for it arises.

By the end of 1952 the basic differences between the South (Eastern and Western Regions) and the North (Northern Region) had become so sharp as to forecast the effective breakdown of the central government as outlined in the constitution. Root of the Nigerian problem lies in the fact that the dominant culture of the North is Moslem, while that of the South is a mixture of Christianity, pseudo-Christianity and "paganism". Because the South's culture pattern was not as strong as that of the North the South has been able to adopt, at least superficially, more of the "Western" political and social pattern, including development of a group of outspoken nationalists. The North's leaders insist that their Region will not be ready to assume full self-government for several years yet, and they wish to continue major British direction of their affairs. Southern leaders, on the other hand, have insisted for several years that they must and will have complete self-government in 1956. Added to this difference between the two major areas of Nigeria, there are significant

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tribal, social and economic differences which operate to inhibit the development of a common nationality or community of interest. At year's end the basic differences had caused severe stress to the country's constitutional fabric and a serious rent was in the making. Further, the more "progressive" systems of government instituted at local levels were malfunctioning due to almost general political immaturity and frequent lack of political morality.

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GENERAL ECONOMIC CONSIDERATIONS

The year saw a great deal of talk and argument upon the subject of the industrialization of Nigeria. It should be noted that no effective measures were taken to "industrialize" the country, nor were any new industries established in 1952; however, vocal elements in Nigeria still talked about the subject at great length. Many Nigerians, some in important political positions, feel that the development of Nigerian industries would be the panacea for all of the country's economic ills, and these men have evidenced no understanding of the obstacles to such industrialization or of the fact that Nigeria might fare better if she became a really efficient and competitive producer of raw materials. One prominent young economist who dared to publish an article suggesting that the country should concentrate on raw material supply for years to come, and that a forest of smoking factory stocks was not a necessary component of self-government brought heaps of abuse down around his ears. This is a critical point in expressions of local desires for industrialization - the political objective of independence and self-government have become entangled in the economics of the country. It is felt, somehow, that it is disgraceful and un-nationalistic to be a supplier of raw materials to foreign manufacturers, whose goods will, in turn, be purchased by Nigerians; even if such a procedure is far more economical than producing at home.

During the budget session of the House of Representatives a motion was presented which asked the Government to impose price control legislation upon the country. The resolution was quickly and easily defeated by the House members. Members of the Government, notably the Financial Secretary, pointed out that price control would be almost impossible to execute in Nigeria and it would certainly have to be accompanied by rationing, which could not be carried out with the merchandising system as fragmented as it is here. The request for price control arose out of the fact of substantial inflation of prices in Nigeria as the result of a very sizeable increase in the currency in circulation from continuing high producer prices for Nigerian export products. Wages, too, were increased during the year, although the Nigerian Government refused to accede to pressure for increases much higher than those which they did grant.

Increased stature of Japan as a supplier of goods to Nigeria was obvious during 1952; Nigerian imports from that country in 1951 were valued at £7,524,000 and at £11,344,649 during 1952 despite periodic local restrictions upon such imports. Major items of import from Japan were textiles, a fact which concerned U.K. textile suppliers greatly. The situation was important enough to be one of the major reasons for a visit to England in mid-1952 by Nigerian Minister of Commerce and Industries, Hon. C. Nwapa. During this visit he informed U.K. suppliers that he and his government would not restrict Japanese imports if to do so would mean that Nigerian consumers would be penalized by persistently higher prices than those possible on Japanese goods. This was not at all reassuring to U.K. textile manufacturers, as they felt that they could neither meet Nigerian demands for quantities nor Japanese competition on prices. At year's end the problem was still present and unsolved. There were also evidences of the development of effective competition by German producers of manufactured goods and machinery which U.K. manufacturers had previously supplied. Problems presented by this situation, certainly not unique to Nigeria, to the United Kingdom business community are going to increase as Nigeria develops its feeling of nationalism. Political leaders have made it very clear that they do not intend to absorb British products when such goods cost them more than from other sources. For the moment, the Nigerians are not masters of their own external trade policy, but changes can be expected as more control is given to them.

EXPORT AGRICULTURE

There were no significant changes in the economic pattern of Nigeria during the year, as the area continued to export raw agricultural products and import manufactured goods. World market prices for Nigerian exports remained good, although warnings were voiced in several quarters that local producers should expect lower prices for such items as cocoa, oil palm products and peanuts in the near future. 1952/53 cocoa production was expected to be at about the same level as for the 1951/52 season, when Marketing Board purchases totalled 101,838 long tons. Significant improvement in the quality of Nigerian cocoa was noted, with only 1 per cent of the 1951/52 crop being lower than Grade I as compared with 43 per cent sub-Grade I in 1946. Palm oil purchases by the Marketing Board during 1952 were approximately 36,000 tons higher than 1951 purchases, and the lower grade palm oils bought for export were much less. Palm kernel tonnage showed a similar increase. Peanut production for the 1952/53 season was expected to surpass the record 1951/52 crop of 393,321 tons. This will act to aggravate the present problem of inadequate railway evacuation for the nuts.

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METAL ORES

A general tendency for the production of tin to decline has been only temporarily slowed, as the richer grounds have been substantially worked out and only the abnormally high prices for tin and columbite kept many workings in operation. Nigerian production was not expected to increase substantially as the result of the United States Government bonus offered in August, 1952, inasmuch as the pre-bonus price had already encouraged almost maximum production. Wolfram production in Nigeria is still slight and only a small increase in production during early 1952 was noted. Nigerian reserves are not large.

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TIMBER

Nigerian timber exports continued to be at a much lower level than during the immediate post-World War II period. External demand for local timber declined substantially as the result of a slackening of world preference for the types produced in Nigeria and of the bad reputation of the country's timber as exported. Despite the fact that many of the unreliable local timber producers were forced out in the 1951 slump, no substantial recovery took place in 1952. Timber exporters feel that the export duties and felling fees are too high, thus limiting, severely, the export profit under current world timber market conditions.

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HIDES AND SKINS

The hides and skins situation during 1952 was extremely unsatisfactory to local producers, suppliers and exporters. Very high prices the previous year had led to the virtual scouring of Nigeria for hides and skins to export, with little thought being given to maintaining quality. By the time these goods reached the United States and United Kingdom markets, early in 1952, the world demand had slackened. The impact of slack demand and poor quality upon foreign importers was so great as to almost halt purchases of Nigerian hides and skins during the first three quarters of 1952. Toward the end of the period, Nigerian suppliers were moving an increasing amount of these goods and a "normal" market was expected during 1953. The Nigerian Government and the larger traders continued, throughout 1952, to carry out projects designed to improve local hides and skins and, thus, strengthen the local product in the world market.

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TRANSPORT AND COMMUNICATIONS

The long-standing inadequacies in Nigerian transportation and communication facilities were not significantly ameliorated during 1952. The Nigerian Railway continued to fall far short of the need for rail facilities to carry Northern peanuts to the ports and could not furnish sufficient rolling stock to enable the coal mines at Enugu to realize its potential production. In turn, mid-way in 1952, a "slowdown" strike in the collieries left the railway with a shortage of coal for a period of about one month. Despite a great deal of talking and planning about ways to solve the problem, the railway continued, throughout the year, to be behind in the job of maintaining the equipment it had at its disposal. Improvements and extensions of the highway (road) system of the country continued throughout Nigeria, but at a slower rate than during 1951 because of increased cost of maintenance of existing roads.

In an effort to obtain more efficient port facilities for Nigeria, the Government appointed a Port Manager late in 1952. This officer, Mr. C. A. DOVE, is to establish an office to supervise the operations and maintenance of local ports directing the work of interested agencies such as the Nigeria Marin Department, the Public Works Department and the Nigerian Railway. At the end of the year, however, the Port Manager had not had the time nor the opportunity to take any action. It is contemplated that there will be established by appropriate legislation an autonomous Port Authority under direction of the Port Manager. Early in 1952, shipments to the port of Lagos had to be suspended for three weeks because of extreme congestion, which is a condition currently common to all Nigerian ports. Improvements at the Apapa wharf area (across the channel from Lagos) continued during the year and completion of the new berths is expected by 1955, although every previous target date has proven unrealistic. Access facilities to be improved at Apapa include: improvement of the Apapa-Ebute Metta road; a new road from Apapa to the main Lagos-Ibadan route; a new access causeway from Lagos to Apapa via Ebute Metta Creek; and general improvements in the main roads out of Lagos.

West African Airways Corporation put into service additional air freighters during 1952, making these facilities available to all major centers. Additional passenger aircraft were also put into service. A new, long runaway at Kano airport was completed at year's end, excepting for its night flight facilities.

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EXTERNAL TRADE

According to the Financial Secretary's statement at the budget session of the Central House of Representatives, the extremely favorable external trade picture for Nigeria showed definitely ominous trends. He reported that the yearly increase in the value of Nigerian exports during the period 1946 to 1951 averaged 41 per cent*, while the increase of 1952 exports (value) over 1951 was but 2 per cent. This official also reminded that the quantity of many Nigerian export goods had dropped from the 1951 level, although continuing high prices kept their value up.

It was reported, by the Financial Secretary's office, that Nigeria's visible balance of trade was not as favorable at the end of financial year 1951/52 as it had been earlier in the post-World War II period. During the 1946-1951 period there was an excess of visible exports over imports amounting to about £20,000,000 annually (£127,000,000 for the period), while the surplus on trade account was only £4,000,000. Further, the deficit on foreign trading account at financial year's end was £22,000,000, the overall /favorable/ balance being due to a surplus on trade with the sterling area of £26,000,000. As regards the dollar area, Nigeria came to the end of fiscal year 1951/52 with a visible surplus of £9,000,000; but the overall picture is not as encouraging - Nigeria is now spending more foreign exchange than she earns.

*All data for year April 1, 1951 to March 30, 1952

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INTERNAL TRADE

Trading was relatively slow during most of the year, with improvement in the last quarter. Many traders, even the experienced foreign-owned concerns, lost money on many items as the result of overstocking on textiles and gradual lowering of prices in an effort to move surplus stocks. Contrary to the normal situation in Nigeria, competition in trading became very keen during the year. Although their share is still relatively small, African importers increased their proportionate activities in this field quite rapidly during the year, a factor which undoubtedly added to the competitive atmosphere. Lebanese and Indian businesses continued to increase in numbers.

OFFICIAL ECONOMIC AND DEVELOPMENT POLICIES AND ACTIVITIES

Of particular interest to foreign business and/or industrial firms was the passage, during the 1952 budget session of the House of Representatives, of two bills designed to encourage foreign private investors in Nigeria. The "Lead-Zinc Bill" and the "Pioneer Industries Bill" have both became law, despite noisy House opposition by a small group of nationalists who said they did not want to encourage foreign investments and that they would feel perfectly free to repudiate this legislation and/or nationalise foreign firms when their party gets control. This group displayed the predictable, normal touchiness in re "exploitation" found among colonial nationalists. The Pioneer Industries legislation provides for typical tax relief during up to the first five years after establishment in Nigeria of non-commercial companies whose operations prove to be of benefit to the country. The Lead-Zinc law was drawn primarily to benefit an Anglo-American (American Smelting and Refining Co.,) endeavor in exploration and development of the lead-zinc deposits near Enugu, Nigeria by granting them special land concessions and exchange and import control exemptions. The Nigerian Government continued, during the entire period under report, to permit almost unrestricted remission of profits by American firms in Nigeria and also to observe a very liberal attitude toward such companies' imports from non-sterling areas for their own use. (Brief summaries of the Aid to Pioneer Industries Ordinance and the Income Tax (Amendment) Ordinance, both of 1952, are attached to this report.)

No changes in colonial economic policies which had significant effects in Nigeria were observed.

Most concrete of the central governments' development policies is its contribution to the 1946 Plan of Development and Welfare (Ten Year Plan) for Nigeria. It should be noted, however, that this "plan" is not a genuine plan and that a preponderance of its activities are aimed at welfare rather than at development. The central Nigerian government will contribute approximately £1,600,000 annually to the program, with its overall contribution totalling about one-third of the £24,233,191 costs of the revised plan. The remaining two-thirds of the funds are from the Colonial Development and Welfare Grants. Typical projects under the plan are: poultry and livestock improvement experiments; agricultural education; irrigation and soil conservation experiments; installation of additional 5 KW transmitting stations upcountry for the Nigerian Broadcasting Service; village reconstruction and improvement; establishment of additional Trade Centers (training schools); continuing expansion of the facilities of the Electricity Corporation of Nigeria; establishment of forest reserves; geological survey projects; development of light river transport facilities; medical facilities improvement; minor road projects; installation of VHF radio communication facilities; establishment of two textile weaving plants; veterinary projects, including hides and skins improvement; a Teaching Hospital at University College (Ibadan); rural water supply improvement; disease research; and Hot Climate Physiological Research program (see Appendix 1) for road projects).

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It may be easily seen that the majority of the projects are, in reality, welfare schemes.

Individuals concerned with the economic and development programs of the Nigerian government have expressed the feeling that little real development is being done at the present time. Probably the main reason for this is the crying demand for more immediate welfare activities in a country where such very basic problems as assured food supplies, adequate water supplies, minimal medical care, primary education and similar needs intrudes at every hand. As a greater degree of self-government is attained it will be even more difficult to carry out any long-term development activities as there is a demonstrable lack of understanding of such policies by local politicians and residents. The past year has already seen greater Nigerian demands for local education and welfare projects which can be seen and felt by each villager (and potential voter), and the central government is expected to pay for these without increasing taxation. The reporting officer expects only very limited development projects in the future, although it is hoped that food production schemes will not be abandoned when Nigerians assume full control of their government's policies. It is also doubtful if responsible U.K. people will be willing to expend continuing great sums of CD and W funds in an area which has condemned their administration and asserted their own independence with great bitterness.

During 1952 the various Regional Production Development Boards continued to carry out planned projects with monies allocated to them by the Marketing Boards. Local politics forced some deviations from the previously planned projects in the Western Region during 1952, but did not, generally, affect the activities of the Northern and Eastern Boards. The Western Region government was under almost complete control by the Action Group political party during the year and strong party people were appointed to direct the affairs of the Production Development Board. The result of this was pressure to spend money for projects in areas which would be most likely to buttress the position of the Action Group party. Similar pressure is expected in the near future in the Eastern Region as the National Council of Nigeria and the Cameroons (NCNC) political party consolidates its control of that Region's government.

Activities of the three Regional Production Development Boards may be summarized as follows: East; development of palm oil mills and agricultural production projects. West; palm oil mills, citrus fruit processing, improving latex processing from African owned rubber trees, construction of evacuation roads in cocoa-growing areas. North; miner projects for tsetse control, and agricultural production projects. A more detailed discussion of individual projects appears below.

Western Regional Production Development Board Ijebu Farming Project.

This plantation comprises about 13,000 acres, all of which has not been utilized. The Board reports satisfactory progress in clearing for and planting of cocoa, oil palms, lemons, oranges and coconuts during 1952.

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It has now been determined that 3,500 (27%.) acres are suitable for cocoa, about 3,000 acres may be used for citrus crops, some 5,000 acres can be used for oil palms, rubber and coconuts. A program of intercropping rice, maize and cassava with the oil palms is being followed as it has been found that this practice helps the development of the palms. Whether or not the production of the project can be achieved economically is not yet clear, but costs in connection with the project have proven much higher than expected. A full report on this and other projects of the Board may be found in its Annual Report of 1951-52; copies of which have been transmitted to the Department.

Mention should be made of the extensive road building program in connection with the Ijebu project. This aspect of the plantation will ultimately cost approximately £90,000 and beginning contracts were let during 1952. The roads are planned to furnish internal routes and also to connect with trunk roads in the area adjacent to the plantation.

It is hoped that this plantation will prove an economic proposition of value to the economy of the area and that African interests can be persuaded to acquire it later on. Plans include a citrus canning plant which can process fruits grown by the local farmers, with the Ijebu plantation assuring minimum acreages to keep such a plant operating. The project is also to serve as a demonstration of good farming practices and a source for improved plant stocks.

Upper Ogun Estate

Primary objective of this project, involving about 40 square miles, is to evolve a sound pattern of agriculture which can be applied to the undeveloped savannah land found on the estate and in the surrounding area. An important part of the project is the investigation of hydro-electric possibilities in the impounding of the Ogun river at the Amaka gorge. Work on the Estate got under way late in 1951, with considerable progress during 1952. Two lines of experimentation are planned, mechanical food cropping and livestock rearing on the open range, with the hope that they can be integrated, later, into a mixed farming pattern for adoptation in the savannah country.

By the end of the year, 1,750 acres of land were in varying stages of clearing and 400 acres planted to early maize. It is planned to rotate various local food crops among the remainder of the experimental plots. Also, 400 acres will be allotted to controlled cattle grazing, in pursuance of a second objective of the Ogun Estate. The Western Regional Production Development Board feels that the provision of animal protein for the people of the Western Region is important enough to warrant attention, as the Region is currently dependent upon Northern Region livestock for its meat supply. Widespread incidence of the tsetse fly in the West precludes the raising of Zebu cattle, and the dwarf shorthorn herds in the Region do not number over 100,000 head.

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It is believed that the northernmost area of the Western Region will support large herds, in a fly free environment; and the Board hopes to evolve a satisfactory local animal husbandry pattern out of the Ogun experiences. A bull and 24 head of cows, of Ketaku type, were purchased in January 1952 from Ilorin Province to start the Ogun herd.

Irele Mechanized Farming Project

1952 saw the virtual abandonment of this scheme, under which mechanically cleared land would be developed by the joint efforts of the Board (furnishing the equipment) and the local farmers. In fact, clearing by hand proved much more economical than mechanical clearing, thus dooming the project.

Eruwa Mechanized Farming Project

Food production for local consumption, cropped after land clearing and cultivation by machinery, was the main objective of this scheme. A separate section of 100 acres was to be set aside for the production of pineapples. During 1952 the incidental pineapple production proved to be the only satisfactory aspect of the project and a sizeable quantity was furnished to the WRFDB cannery at Ibadan; while the food crops proved a general failure.

Assistance in Plantation Development

It has been a Board policy to lend money and supervisory personnel to individuals, communities, or cooperative societies in the Region who wish to establish medium-sized plantations. Prior to 1952 the recipient of the loans had only to repay the Board the amount of money lent; however, during the past year an important change of policy was made. Current Board practice is that the recipient and the Board will be partners, with a continuing share of all profits from a given plantation going to the WRFDB. During 1952 agreements of this type were made with three cooperative societies and one Native Authority, all in Benin province.

It is hoped that this aspect of the Board's work will encourage adoption of plantations by more areas of the Western Region; in the belief, probably correct, that this type of agriculture is often more economically sound than myriads of small farms.

Other Projects

The Lafia Cannery operated, on its first season, from October 1, 1951 to March 17, 1952 as a pilot project canning grapefruit segments, grapefruit juice, sliced pineapple, pineapple crush, and (experimentally) miscellaneous meat and vegetable products. The pineapple was sold at a fair profit to a local firm, but disposition of the grapefruit segments proved difficult.

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After setting up the project the Board discovered that the U.K. Ministry of Food would offer a much lower price than anticipated, so the product had to be sold through private channels at a price below production cost. It was decided not to attempt to export the cannery's 1952/53 production. Expansion of the factory has now been contracted for.

Ground has been broken and a Manager appointed for a plant to process local rubber in Warri Province.

No precise information could be obtained from the Board in regard to applications made to it for loans, but the reporting officer was informed by development officials that literally hundreds of applications were turned down during 1952. Most of these applications were for such non-production development projects as buslines, auto garages, establishment of petty trading firms, etc. In many cases such applications were sponsored and lobbied for by local politicians, whose pressure is harder to divert now that control of the Board is passing to local political groups.

During the fiscal year 1951/52 this Board spent approximately £276,243.

Eastern Regional Production Development Board Pioneer Oil Mill Scheme

By the end of 1952 this Board had in operation fifty-one oil mills, in the main oil palm belt of the Eastern Region, with two more under construction and third being reconditioned. Fifty-five new mills have been ordered and sites for forty of them already selected. Staff of the Board consisted, at year's end, of 250 junior staff people and 1,200 laborers.

During the financial year 1952/53 the Board handled 33,000 long tons of palm fruit, valued at about £313,000, producing 9,700 tons of palm oil (approximately 5% of the Region's oil exports for the period,) and 2,300 tons of kernels.

Kwa Falls Estate

Five to six hundred men were employed on the Kwa Falls oil palm estate about 30 miles from Calabar. 1,065 acres were planted to oil palms, 400 acres are ready for planting during 1953, and 235 acres were partially cleared. Forty tons of palm oil were produced during 1952.

Other Oil Palm Estates

The initiation of the projected 12,000 acre Calaro estate was not achieved during 1952 due to local political disagreements. Allocations of funds were approved for three small estates, but no progress was made toward establishing them. Lack of local interest, staff shortages and land title disputes precluded their establishment during 1952.

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Cashew Nut Industry

The Board is attempting to establish cashews in the poor sandy soils of the Enugu escarpment as a commercial enterprise. A series of plantations are to be established, and about one third of the first 1,200 acre project has been planted. Initial production will be cashew nuts for export, with possible phenol production when sufficient quantities of fruit are available. The plantations are considered a dubious operation by Board officers, who have some doubt if they will prove economically sound. However, the attempt is being made in order to furnish some cash crop for the villages on the escarpment; villages which have no cash crop from the poor soil upon which they live.

Santa Coffee Estate and Similar Projects

The Santa coffee project is now in its second year and is considered by the Board to be a promising endeavor. Near the French Cameroons border of Bamenda Province (British Cameroons) there is a fairly old coffee growing area, and it is here that the estate is located. A good quality arabica coffee is grown by farmers here, but subsequently subjected to poor processing and haphazard marketing, most being smuggled and sold in the French Cameroons. The Board is improving the strains as well as building a processing factory for estate and local coffee. It is also planned that the Board will market the estate and non-estate coffee overseas through (probably) the Nigeria Produce Marketing Company in the U.K.

A similar arrangement is being set up to improve, process and market the products of coconut trees in the Bonny area. A 1,200 acre coconut estate has been leased.

12,000 acres have been leased by the Board in the Oban Group Forest Reserve for rubber development, in partnership with interested U.K. financial groups.

Obudu Cattle Ranch

Seven hundred of the planned five thousand head of cattle have been placed on this project, as well as flocks of cross-bred sheep. Obudu, 4,000 feet above sea-level, 150 air miles from Enugu in Ogoja Province, is considered to be the nearest place to the East's main population centers where cattle are free of tsetse flies. It is hoped that both meat and milk supplies for the area can be substantially increased by the ranch.

Other Board Projects

Six rice mills have been put into operation, in the Eastern Region, by private individuals, after receiving Board assistance and supervision. £3,200 has been given by the Board to the Regional

Department of Agriculture to establish stores for the sale of livestock concentrates. A similar system is being used to sell fertilizer. From the Agricultural Department, the Board has assumed responsibility for completion of a cocoa and swollen shoot survey, continued studies and advice aimed at improving the quality of Eastern cocoa, and limited rehabilitation of cocoa farms. These programs have been allocated £49,000 of Board funds.

To assist in transportation, the following projects are in the process of development: construction of small wooden power-barges for sale to individuals (planned), construction of a 60 mile road from Calabar to Arochuku to open the latter area to settlement (contracts let in 1952), a new 36 mile road to service the Obudu plateau area (under construction), and four small grants for access roads in produce areas.

A £2½ million loan for the reconstruction of the Onitsha Market was not taken up because of local political disputes. This market is probably the Region's largest produce market center and it is hoped the work can proceed in 1953, thus permitting Onitsha to resume its traditional place in the economy of the East.

Northern Regional Production Development Board Agricultural Equipment Pool

During 1952 the NRPDB continued its purchases of agricultural machinery and equipment, but has not yet obtained all of the equipment which was originally authorized (up to £57,000). The purposes of this equipment pool are twofold; first, to prove or disprove the usefulness of various kinds of agricultural machinery in the North; and, secondly, to develop a pool of equipment for loan to Native Authorities for experimental use. Included in the pool at present are Fowler Marshall, Field Marshall, Fordson (gasoline and diesel), Ferguson and Massey Harris tractors; Ransome and Massey Harris plows; Ransome disc harrows; and Ransome cultivators.

Because of the lack of sufficient commercial spare parts supplies the Board has also set up a parts pool, for agricultural machinery, containing about £14,000 worth of parts.

Improved Peanut Seed

The Board has stepped up the purchase and distribution of the "Kano 50" strain of peanuts developed by the Nigerian Department of Agriculture. This peanut has proven to give increased yields under Northern growing conditions. The seed is not yet available in sufficient quantity for general distribution but is given to selected farmers, whose production is purchased by the Board for seed the following year.

Sokoto Mechanized Rice Scheme

The Board project for increasing the traditional rice production in the Sokoto and Rima river vallies in Sokoto Province is its most spectacular scheme, and was begun with an initial grant of £136,000.

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It is felt that increased rice production will not only be of direct and obvious help to the farmers and consumers of the region, where rice is an important food crop, but would also release acreage now given to food crops for growing peanuts for export. The project got off to a bad start during 1950 and 1951 due to late heavy rains and heavy floods which drowned the entire Sokoto crop and 70 per cent in the remainder of the project. This was followed by a marked reluctance of native farmers to participate in the scheme, as they believed that the use of the tractors had caused the gods to ruin the crop. Despite this, it is hoped that 50,000 acres can be put under the plow by 1956, at an average cost of 35 shillings (approximately $4.80) per acre.

Equipment used consists of "Caterpillar" D7 Tractors, Davis plows, and Rome harrows. Experience has shown that an average of fifteen acres per day can be plowed with the D7s.

Shemankar Mechanized Rice Scheme

This project was planned to test the economic feasibility of mechanized rice cultivation in the "fadama" land of the Shemankar river valley, near Shendam, Plateau Province. There are two significant differences between this scheme and the Sokoto Project; it will bring under cultivation land which has not been used previously, and in the Shemankar soil lighter equipment can be used. Farmers who contract to have their land plowed and harrowed pay 35 shillings per acre, 15 shillings to be paid before cultivation and the remainder after harvesting. It is expected that no more than 400 acres will be cultivated under the project.

Because the land has not been previously farmed, the project has been hampered somewhat by a shortage of local labor, a problem partially met by recruitment from the nearby Shendam Resettlement area.

Shendam Resettlement Scheme

The Shendam Agricultural Development and Resettlement Scheme was started in 1948 with the objective of inducing migratory farmers from the depleted hill lands to settle on permanent farms. It was originally hoped that farmers from the "pagan" plateau tribes could be resettled, but they did not choose to leave the plateau to live in the more oppressive lowlands climate of Shendam Division. Therefor, settlers were brought in from less-depleted farmlands found in the nearby areas. The project contains several villages laid out in previously uninhabited bush, each are designed to accomodate from forty to seventy settlers, with about twenty acres of farmland per settler. Each settlement also has its own communal grazing and forest land and wells have been sunk to provide adequate water. The cattle-raising aspect of the project cannot be pursued until the tsetse fly is brought under control in the resettlement area, and this program showed great progress during 1952. A total expenditure of approximately £107,440 is expected for the period 1948-1958. Over 250 families have been settled in the project's villages.

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Although the Board's annual report preserves a tone of optimism in regard to this project, several government officers (including agricultural officers) have expressed dissatisfaction and pessimism in regard to it. They have serious doubts that sufficient settlers can be induced to settle on the project or that effective adoption of progressive farming practices can be obtained to justify the amount of funds being put into the scheme.

Kontagora Land Settlement

The Kontagora project was commenced in 1948 and is to accomodate fifteen settlements, of twenty farmers, each of whom will cultivate about thirty-five acres using plows and cattle. The fifteen settlements are to be complete by 1954, although progress to date indicates it may take at least an additional year to reach that goal. £8,600 have been granted by the Regional Board for construction of various project buildings, with such other funds as may be needed to be furnished by the Kontagora Native Authority. Settlers, to date, have come from the Hausa and the Kamberi tribes, with the latter's previous farming experience having enabled them to realize considerably high cash profits than the Hausas. Grazing land, irrigation dams, water wells and access roads have all been furnished for the settlers.

Jemaá Resettlement Scheme

This project was intended, like the Shendam scheme, to furnish a place of settlement for plateau residents in the relatively rich virgin soil off the plateau. It was begun in 1949 with a batch of twenty-one settlers, and in 1950 sixteen more settlers came down from the plateau; however, there have been but a handful resettled since that time. This is the result, primarily, of the fact that there is considerable friction between the Moslem farmers in the Jemaá Emirate and the so-called "pagans" from the plateau. Each settler (man and family) has two acres of home farm and eighteen acres of outlying farm, part of which will lie fallow during any given year. Also, forty acres of bush are allowed each farmer, for firewood and grazing. To date, crops on this project have been satisfactory. A total of about £4,000 has been allocated by the NRPDB for this project.

Other NRPDB Projects

The Board is making substantial contributions to an ambitious plan to eradicate and/or control tsetse fly along certain cattle routes in area of 9,500 square miles of fertile land in parts of Kano, Katsina and Zaria Provinces. It was intended to finance the entire project from C.D. and W funds but it was found necessary to get additional local monies. Work on this is progressing at a steady rate, with allocations made to cover costs through 1956.

More than £26,000 has been allocated by the Board to develop the all-important water supplies in several areas of the North, although this development has come along very slowly. Types of equipment purchased include: windmills, Persian Wheels, Brimac pumps, and dam scrapers.

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An important phase of the Board's program is the construction and improvement of the road systems in the North, as inadequate road, still seriously hamper maximum development of the Region. Importance of this work is indicated by the fact that the Board approved an allocation of £40,000 for heavy roadbuilding equipment (mostly American-made). Equipment now in the Board's pool is being used by the Public Works Department in its roadbuilding program. Among the road projects financed, in whole or in part, by the Board are: peanut evacuation roads; Shendam - Kurgwi Road (£5,000); Katsina Ala - Takum benniseed evacuation road (£11,000); a Jos Boundary - Guma - Rishi - Tulu road (£2,500 to cover 1/3 cost) to assist in evacuation of area's corn crops; and £100,000 for all season road in the Zamfara Valley cotton raising district.

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UTILIZATION OF MARKETING BOARDS' REVENUE

Surplus funds accrue to the various Marketing Boards (Cocoa, Oil Palm Products, Cotton and Groundnut) as the result of sales of these export commodities at prices higher than are paid by the Boards to Nigerian producers. These profits have been high since the establishment of the Boards, due to the general high world prices of their commodities, but such profits are expected to diminish in the near future as the result of increased world availability of the goods. Use of these surplus Board funds are put to use, according to law, for the following purposes:

1. Stabilization of prices of these commodities to producers;
2. Projects for the development of the producing areas and economic benefit to the producers themselves; and
3. Scientific research to the crop industries concerned.

The Boards have decided to apportion 22½ per cent of the surpluses to development, 7½ per cent to research, and the remainder held for stabilization. Some uses of the development funds have been discussed above. Only general information may be given concerning Board grants for research as the grants are not made on an annual basis. The Nigerian Boards have contributed large sums of money to the West African Cacao Research Institute (Tafo, Gold Coast), the West African Institute for Palm Oil Research (Benin, Nigeria), and the Faculty of Agriculture at University College, Ibadan (£1 million). Funds used for development are not, generally, spent by the Marketing Boards themselves, but are allocated to the Regional Production Development Boards for use. The exception to this rule is the Cotton Marketing Board, which still carries out direct disbursement of development funds. During 1952 most of such funds spent by this board went for cotton seed improvement and improvement of evacuation roads from the cotton fields to the Northern ginneries.

Colonial Development Corporation

It may be pertinent to give some attention to Nigerian projects of the Colonial Development Corporation, projects which, on the whole, have not proven encouraging. Many critics of the CDC have suggested that operations of the Corporation be re-directed so that it would only undertake large projects which are, financially and staff-wise, beyond the capabilities of local agencies; particularly in the smaller, less - wealthy colonies. However, no new trend was evident in CDC policies in this regard by the end of 1952. It had become fairly clear, in any event, that the Corporation would play but a small part in the development of Nigeria, as well as the other colonies.

The Corporation had, in 1952, contracts worth £497,480 to surface 167 miles of cocoa roads and 100 miles of road from Gusau to Sokoto, projects which have no direct profit/loss character and on which completion will constitute success. The CDC is concerned in the Apapa Wharf Extension project (Lagos) to the extent that the Corporation intended to utilize some of the waterside area..

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created by the sand fill behind the new extension. This spot was to be used for facilities of the Omo Sawmills of Nigeria Ltd., and West African Fisheries and by the end of 1952 a total of £4,264 had been spent there by the Corporation. The uncertain fortunes of both the sawmill and fisheries schemes make the CDC's plans for the Apapa property most doubtful. Experience of the Corporation in the Omo Sawmill company, run in partnership with Nigerian interests, has been varied. In 1951 the mills made £16,800, but a loss of £10,530 was registered in 1952 due to a drop in world hardwood prices. It is felt by the company that the final prosperity of the operation will depend upon its ability to meet competition in the local market. The West African Fisheries operation lost £32,29[illegible] during 1952 and it is understood a specialist consultant recommended the project be abandoned. Declination of demand for the fish, port congestion, turnaround difficulties, and a too-big shore operation were the bases of the scheme's difficulties.

The largest West African investment of the CDC consists of a £1,250,000 loan to the Lagos Executive Development Board to develop industrial, business and residential areas in the Apapa district, which has rapidly become an important adjunt to Lagos' facilities.

The Nigerian Government and the CDC formed the Niger Agricultural Project Ltd., in 1949 to establish an agricultural settlement near Mokwa, on the Niger River. By the end of 1952 seventy per cent of the authorized capital had been invested, but only twenty per cent of the program completed. 135 farmers had been settled in two villages, and the years loss was £29,559 on an investment of £167,000. Gross revenue per acre cropped in 1952 was only £3 per acre with an estimated £12 per acre being needed to break even. Both the Corporation and Nigerian Government sources are very pessimistic about the possibilities for the project's economic success. The CDC has pulled out of the planned Nigerian Fibre Industries scheme because they feel it "could not be commercially viable in the forseeable future." It was originally planned that the Cotton and the Cocoa Marketing Boards would join the CDC in this Onitsha scheme, but the Boards are now left to decide whether they wish to emback on the project alone, and against the advice of the Corporation. A plant was to be established to make sacks from local fibre, but the drastic drop in the price of jute would have made imported fibre cheaper. Further, production cost would be so high as to render imported sacks much cheaper. There is little prospect of this project being implemented.

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EFFECTS OF DEVELOPMENT PROGRAMS ON THE NIGERIAN ECONOMY

The general effect of the various development programs upon the economy of Nigeria have been relatively slight, mainly because most of the projects are quite recent and because so many of the projects have been more or less experimental and limited in scope. Probably the programs which have had the most impact are the various road improvements and extensions. The most useful, and, incidentally, most highly coordinated, road programs were carried out during 1952 in the Western cocoa-growing areas and in the Northern cotton areas. Knowledge of the construction of the cocoa evacuation roads is not restricted to the reading of cold statistics. Throughout the cocoa producing area one may see signs, beside new roads, saying that the road is being built with Cocoa Marketing Board money. Obviously, the benefits of the roads accrue to not only the cocoa farmers, whose costs of transport to buying centers have been lowered by the new roads, but also to the populace in general. There have been noticeable decreases in the market prices of goods hauled into many of these areas by truck, according to commercial sources. The Western Region does not have the mileage of waterways for cheap transportation which is present in the Eastern Region, and truck transport has been quite expensive. Although the effect has been indeterminable to date, it is expected that the new cocoa roads will bring new cocoa plots' production to the market. It must be noted that these will have an immediate effect only on certain cocoa areas of the Western Region.

One of the important reasons for the increased production of cotton in the Northern Region during the past two years has been the rapid development of roads from the growing areas to the ginneries scattered throughout the North. Many of these roads have been constructed through the use of Cotton Marketing Board money, with assistance by the Northern Regional Production Development Board. Potential cotton production has been lost in past years because many farmers and buyers had no economical way to transport their cotton to the gins. The effect of such roads on the general economic and trading scene, however, will be relatively small because of the generally sparce settlement and light demand for commercial transportation.

Although no concrete conclusion can be drawn as to the exact extent of the effects upon the Nigerian economy and society of the highway development program currently under way, but there is good preliminary evidence to indicate that basic changes in the economy and the life of the "bush" areas are taking place. New roads are bringing foreign - manufactured goods at an increasing rate to villages which have had but the slightest access to non-local goods. Availability of goods has, it is felt, somewhat encouraged the growing of cash crops and, in some cases, export crops, although no statistical proof can yet be given. An example of the changes in goods distribution which are taking place may be found in the development of Port Harcourt as an entry port for foreign goods. Due almost entirely to the availability of better roads than previously in the area inland from this river port, the large mercantile companies of Nigeria are expanding their distribution facilities in Port Harcourt, with less distribution now being made from Lagos.

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It was formerly necessary to truck goods into the Eastern Region from Lagos, a very long and expensive haul, but many of these goods can now be landed from ships in Port Harcourt and trucked up country from there - a much shorter trip.

It is not felt that the other facets of the development program of Nigeria's official bodies have yet had any significant effect on the country's economy. As mentioned above, the actual development programs of local official groups have been most limited and largely pilot schemes. Not until several more years have passed will a clearcut conclusion in re their effect be possible.

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AGRICULTURE

The general domestic food supply during 1952 was adequate, with garri being generally available in abundant quantities. In certain local areas during very short periods throughout the year there were temporary short supply conditions, often caused by such simple factors as a bridge being out or a supply route or a local festival keeping farmers from the fields; however, these are normal conditions and did not alter the general sufficiency of local foodstuffs in most of the country. Lagos felt the temporary shortages more keenly than did up-country areas, with prices rising to very great heights for short periods. The Eastern Region found local food supplies only adequate during the first half of 1952, but more than adequate during the last six months of the year. Bornu Province (Northern Region) suffered an almost critical food shortage during the first quarter, but found adequate supplies for the remainder of the year.

Importation of the following foreign-made or processed foodstuffs increased during 1952 as compared with 1951:

Item	Quantity imported	Quantity Imported
Wheat flour	30,517,000 lbs.	37,489,648 lbs.
Fish	22,519,000 lbs.	28,400,000 lbs.
Sugar	24,573,000 lbs.	30,353,469 lbs.

The following selected food items were imported in smaller quantities during 1952 than during 1951: confectionery (3,329,000 lbs. to 2,975,156 lbs.), biscuits (5,849,000 lbs. to 2,838,000 lbs.) and milk (4,477,000 lbs. to 4,096,104 lbs.). Dried and smoked fish, and wheat flour were the largest food imports during 1952, as they have been for the past several years.

Projection of the food supply situation during 1953 cannot be made with any degree of accuracy because of critical effects of weather in most of Nigeria, where relatively slight variations of weather have deep effects upon food production. Also because most food is grown on scattered bush plots, general information in regard to planting is sketchy. However, the Nigerian Department of Agriculture reports that cassava planting appears greater in the 1952/53 season than in previous years, thus assuring, barring unfavourable weather, more than adequate supplies of garri during 1953.

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No significant changes were made during 1952 in government policies effecting the major export crops. The only noteworthy development was the expansion of the production division of the Northern Regional Department of Agriculture, an expansion aimed at eventually stimulating the production of cotton and other lesser fibers. Beneficial results of the continuation of previously initiated policies in re export agricultural products were again evident. The ratio of so-called "super grade" palm oil exported to lower grades exported reach a new high during 1952, with the Oil Palm Produce Marketing Board buying almost no lower-grade oil. Fair progress was also made in rehabilitation of cocoa areas previously knocked out by swollen shoot and poor farming practices. Planting of cocoa and companion crops of oil palms and citrus, was carried out in new, favourable areas without awaiting completion of the cocoa soil survey which is scheduled for completion in 1953. Results have not yet been tabulated from the demonstration and fertilizer sales project in the Northern peanut-growing areas, but it is expected that stable increased production will be slow in coming.

The United States' primary interest in Nigerian agriculture centers on the export crops of the latter, particularly in the cocoa and plantation rubber crops. Insofar as West African cocoa is concerned, American buyers have long preferred Gold Coast cocoa to Nigerian cocoa because of the former's high quality and more rigidly standard grading practices. Despite this fact, however, the United States is Nigeria's second largest cocoa market, with only the United Kingdom buying more local cocoa. The Cocoa Marketing Board continued, during 1952, its efforts to improve the quality of Nigerian cocoa by bringing new tress into production and by improving grading practices. During 1952 the Cocoa Marketing Board undertook to train its Produce Inspectors to note so-called "purpley beans" in consignments graded for export, training by means of special color charts made up by the artist Fievet. Trading had not previously included checking for the various purple-hued beans, and American buyers have complained that Nigerian cocoa included too many of these improperly fermented beans. The Cocoa Marketing Board feels that it must make energetic attemps to satisfy American cocoa buyers in order that Nigeria's competitive position may be secure when the cocoa market becomes less of a seller's market.

The rubber-producing potential of Nigeria is felt to be much greater than is presently being realized, and attempts are being made to both expand and improve the quality of local rubber. Since the world rubber market has tightened up again,

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Nigerian rubber has been unable to compete with high grade plantation rubber from other areas because of filthy processing locations and deliberate adulteration. The latter complaint can only be remedied by succeeding years of experience in the business world and by the gradual Nigerian development of business ethics, but steps can be taken to improve processing techniques. Department of Commerce and Industries and Department of Agriculture people have undertaken programs of instruction for farmers exporting wild rubber, but the small volume of such rubber now exported makes it a relatively unimportant factor at present. Not until the procedure results in increased quantities of competitively saleable rubber will this factor be of importance to U.S. users. Both the Eastern and Western Regional Production Development Boards have plans to develop cooperative rubber plantations and rubber smoking plants, although no production was achieved during 1952.

British interest in Nigerian agriculture is substantial, both in export crops and in domestic production. As the governing power, the British are obviously interested in pursuing experiments and development projects calculated to improve and stabilize the food supply for the country's inhabitants. Although local citizens take little cognizance of the fact, both the British government and the peopl of the United Kingdom have shown concrete evidence of a willingness to loan and spend money for agricultural research and experiment in Nigeria. A sincere interest has been shown in bringing agricultural progress which derives no direct material benefit to the imperial power. As has been discussed above, no great achievements have yet been reached, but better farming methods taught to Nigerians must eventually improve the domestic food supply for the country.

The other side of the coin, the position of a colony as a traditional source of raw materials, as it applies to Nigeria is characterized by considerably more material achievement. It is to the interest of the United Kingdom that she improve the quality and quantity of such Nigerian products as peanuts, palm oil, cocoa and palm kernels in order that she have an improved and assured source of the all-important fats and oils. The United Kingdom is also vitally interested in improving, or at least maintaining, the position of Nigeria as a significant Commonwealth dollar earner, with Nigerian cocoa being the prime agricultural product sold in the dollar area. Steps taken to improve and expand local production for export not only benefits United Kingdom consumers of such goods, but also enhances the competitive position of Nigerian products in the dollar market.

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Industrialization of Nigeria, or even the development of significant individual industrial enterprise, is still in the realm of discussion and, more often, dreams, with agricultural development remaining the most important means of improving the economic position of Nigeria. The combination of favourable international marketing conditions and past official efforts at development have been very successful in bringing a much higher level of prosperity to Nigerian farmers raising export crops and to those traders and others whose fortunes ebb and flow with that of the farmers. Efforts to develop the export aspect of Nigerian agriculture have been both more intensive and more successful than development of those crops which are not primarily for cash or for overseas sale. Even the most radical political and economic nationalists must admit the fact that Nigeria's continuing economic progress depends, primarily, upon her agriculture; and suitable emphasis on this area of economic activity continues. Marketing techniques for agricultural product, both domestic foodstuffs and export crops, have been notoriously poor, but the continuing expansion of cooperatives and the Marketing Boards have brought a more equitable, and more substantial, distribution of the ever-growing material proceeds of Nigerian agriculture.

MINING

The only significant, from the U.S. point of view, development in the mining industry in Nigeria during 1952 was the increase in production of columbite due to a strengthening of world demand and the 100% bonus offered by the U.S. government. The increase in columbite production (export) from 1951 to 1952 was almost exactly 200 long tons; 1951 exports of columbite totalled 1,092 tons, and 1952 exports were 1,294 tons. The Minister of Mines and Power reports 1952 mineral production as follows;

Mineral	1952 Production in long tons
Cassiterite	11,472
Columbite	1,294
Wolframite	21
Tantalite	2
Lead	35
Zinc	78
Kaolin	400
Monazite	5
Gold	1,348 (ounces)

Production of the minerals is expected to remain approximately the same, excepting columbite. The Ministry expects 1953 columbite production to reach 1,500 tons for 1953; unless certain primary deposits being investigated are put into production, in which case the production will be even higher.

Coal production at the Enugu mines dropped slightly during 1952, due primarily to labor disputes at the mines, and on the Nigerian Railway. A slowdown strike on the railway, which lasted from January to June caused a coal production loss of an estimated 10,000 tons. Mine disputes and tonnages lost therefrom were as follows: July - 5,000 tons, October - 25,000 tons and November - 6,000 tons; for a total 1952 production loss of approximately 46,000 long tons of coal. A new coal mine (Hayes Mine) was brought into production in September 1952, the first of the Enugu workings to utilize predominantly mechanical cutting and removal techniques. Operators estimate that Hayes production could reach 1,000 tons per day by early 1954, but the reporting officer doubts if this volume will be reached. There seems to be a potential of this amount there, but unless railway evacuation is improved and aerial ropeways completed there will be no way of removing such a quantity. It should be noted that the production potential of

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the Enugu mines is now much greater than present output, which is, and has been, limited by inadequate railway or other evacuation facilities. No progress on this problem was made during 1952; in fact, the railways position worsened, and no significant relief is expected during 1953.

Exploration of promising lead-zinc deposits near Abakaliki by an Anglo-American (American Smelting and Refining Com.) firm was terminated early in 1953 and no further operations here are planned. Both the Nigerian government and the company were optimistic concerning the mining of these deposits, but the company announced that there was so much water present as to render development uneconomical. Reports that political instability in Nigeria prompted cessation of these operations were not confirmed.

In the last quarter of 1952, announcement was made of the discovery of uranium deposits in the granite formations in the southern-most tip of Kano Province. By the end of the year an answer had not been found to the difficulty of economically extracting the ore from the very hard granite in which it was found. Experiments on this score were being carried out in Canada and the United Kingdom.

Shell-D'Arcy explorations for oil in Warri Province had not turned up any petroleum by the end of 1952, but operations continued. Not only was the first hole still under way, but announcement was made of plans to put down at leasttwo more test holes in the mangrove swamps of the Rivers area of Nigeria.

Developments in the field of Nigerian mining had little effect upon the country's economy as a whole because of the very localized influence exercised by such industry. Until the establishment of the Regional government at Enugu, the only reason for its existence was the presence of the coal mines. Prior native settlement in Enugu was almost nil; thus not only is almost everyone in Enugu employed in relations with mining, but almost everyone in the mines lives in Enugu. With a lack of well-organized national labor unions, a strike in the mines brings only unemployment in Enugu - unless it should go on long enough to stop rail traffic for several months. The same sort of situation exists in relation to the columbite and cassiterite mines on the plateau. Cash earnings are so low for the native miners, and they represent so small a part of the country's total population that only a small part of Nigeria's demand for goods is comprised of the miners' demand. Profits of the mines, which have leaped upward during 1952, either go to companies in Britain or are banked

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at home by the independent miners, against the day of their retirement. Thus, almost none of the proceeds go into the Nigerian economic system. Nor has the pyramiding dollar earnings of the tin mines brought any influx of American goods to the Nigerian economy, absorption by the sterling pool leaving but a small proportion for Nigerian expenditure in the United States. African-owned mines in Nigeria are confined generally to gold mining and galena, the latter producing for cosmetic and other local consumption. Today, as traditionally, several good gold deposits are worked by local chiefs, whose profits, of course, remain in Nigeria. Large gold producers are the foreign companies.

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NATIONAL FINANCIAL DEVELOPMENTS.

Under the 1951 Constitution, the Regions enjoy a considerably greater degree of financial autonomy than under the previous, more centralized system of government for Nigeria. 1952 was the first year during which the new revenue allocation and receipts system was in effect. The Regions are statutorily entitled to receive a share of the revenues of Nigeria, authorized to make laws and empowered to appropriate monies. Several basic principles apply to these financial powers:

1. Principle of Independent Revenues: It is established that the Regions shall have some independent tax revenues, over which they have full control.

2. Principle of Derivation - It is established that part of the revenues accruing to the Regions shall be based upon derivation; that is, the proceeds of some taxes shall be granted to the Regions in proportion to the amounts which the people in the Region have contributed to these taxes, where ascertainable. Application to a limited number of taxes is possible, but only where such allocations can be made simply and directly.

3. Principle of Needs - It is established that the people have a certain fair claim upon revenues, regardless of where they reside; thus certain revenues are allocated to the Regions directly on a population basis.

4. Principle of National Interest - It is established that revenues for certain specific, purposes calculated to improve the welfare of the country, shall be allocated without regard to Regions. Grants for education typify this principle.

These principles were incorporated in the (Revenue Allocation) Order in Council, 1951, which empowered the Regional legislatures to impose certain taxes. The Order in Council also provides that any revenue derived from matters over which the Region has the ordinance-making authority shall accrue to the Region's government. Principal revenues going to the Regions under this clause are: entertainment taxes; automobile and drivers' license fees; direct (capitation) tax; and mining rents (not royalties).

Pending institution of a proposed Regional gasoline sales tax, revenue from the Central import duty on gasoline shall be allocated to the Regions according to their consumption of gasoline. One-half of the Government tobacco and cigarette taxation revenues are allocated to the Regions in accordance

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with Regional consumption of these items. An annual, lump sum grant to the Regions shall be made from Government revenues; to be based upon population. Annual grants are also made to the Regions to reimburse expenditures incurred in connection with the Nigeria Police, Native Administration Police and educational grants to local schools. A "once and for all" grant of approximately £2 million was made to the Northern Region in order to remedy the serious relative under-equipment of the Region in public works and buildings. Special grants were made, and are expected to be made through 1955, to cover the costs of services previously furnished by the Government of Nigeria, until the Regions have had time to establish their own authorized revenues. Aside from the above grants, special grants were made to the Regions during 1952 by reason of the Central legislature having deemed, for one reason or another, that they were necessary.

In August, 1952 the House of Representatives agreed to give a special grant to the Regions to cover the amounts by which actual Regional revenues from tobacco import duties would fall short of the amounts shown in the 1952-53 Estimates. At the same session of the House it was decided that the Regions should also receive a special grant to cover the costs of the government employees' salary increases approved in 1952. This grant to the regions cost the Government approximately £500,000 for the period April 1, 1952 to March 31, 1953. It was hoped that, either late in 1952 or early in 1953 the House of Representatives would approve, subject to Regional concurrence, a Produce Sales Tax which would net about £2 million to the Regional revenues; but this bill was not approved or expedited in 1952.

These and other special allotments of central Government funds were necessary primarily because of the assumption by, or derogation to, the Regions of so many obligations which had been discharged by the Nigerian Government under the former constitution. It was not possible to assume completely, that the Regions' 1952 revenues would be as high as were estimated nor that the costs to the Regions would be as estimated. For these reasons the central assistance was readily forthcoming. There was, however, an additional financial problem which arose in the Regions, and the responsibility for which the Government showed no willingness to assume. As the result of pre-election promises by political inexperience among the nationalist leaders and legislators in the South (Eastern and Western Regions) these governments attempted to promulgate various welfare and education projects far beyond their financial means. Attempts to collect increased capitation (direct) taxes to cover costs of the often over-optimistic Regional programs led to many local disturbances during 1952

and forced postponement of such projects. The violent popular reaction against additional tax collections came as no surprise to administrative officials who had always held back on such taxation.

High revenues from import and export duties had persisted in Nigeria since World War II, but by the end of 1952 there were signs that these collections were lagging. Government officials went out of their way to warn Nigerian leaders and the public that decreasing revenues would continue and that public services must be curtailed somewhat if serious financial problems were to be avoided. It was on this general note that 1952 (Mid 1952/53 Financial Year) ended.

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EXTERNAL TRADE

The most significant development in Nigerian external trade during 1952 was the sharp decrease in excess of exports over imports. The visible excess of exports over imports in 1951 was £35,499,000; while this balance dropped to £2,784,420 for 1952. Not only did 1952 exports decline in volume from the 1951 level, but imports for 1952 showed a substantial increase. Some idea of the kinds goods bought in Nigeria by means of the increased money in circulation may be gained from noting the items imported in significantly greater quantities in 1952 than during 1951. The following import items showed important gains: commercial vehicles (quadrupled imports); buckets, pails and basins (tripled); jute bags (tripled); bicycles (doubled); corrugated iron sheets; mining machinery; unmanufactured tobacco; sugar; fish; and flour. Comparative total import and export figures are as follows:

	1951	1952
Exports	£120,068,000	£115,897,459
Imports	£ 84,569,000	£113,113,039
Balance	+ £ 35,499,000	+ £ 2,784,420

Nigeria is now spending more foreign exchange than she earns, and the 1952 visible trade picture makes that very clear. The balance of trade for 1952 had not shown the full impact of significant world price declinations on all of Nigeria's major exports, excepting cocoa; a situation which will bring a smaller export balance in 1953, or, more probably, an import surplus. The Financial Secretary warned members of the national legislature that unless the country could increase her exports substantially, serious inroads would be made into Nigeria's small external trade balance reserves.

The make-up of the list of Nigeria's major overseas suppliers in 1952 did not alter appreciably from 1951 (see Table I, appended). The United States moved into the position of fifth supplier, whereas she had been the sixth ranking source of Nigerian goods in 1951. Japan's position as second-place seller to Nigeria, already established, was strengthened. in 1951 Japan sold goods to Nigeria totalling 9 per cent of the amount Nigeria bought from the United Kingdom, while Japan's relative sales went up to 19 per cent of the amount supplied by the United Kingdom in 1952. The same general situation applied to other countries, with non-U.K. suppliers making

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substantial gains at the expense of the United Kingdom, whose exports to Nigeria dropped from £83,189,000 in 1951 to £58,207,455 in 1952. Only slight changes from 1951 to 1952 were recorded in the positions of the leading countries of destination for Nigerian exports, with the U.K. leading, and buying slightly more than she had in 1951. The United States bought approximately £1 million less during the past year than during the previous year. In general, the pattern of Nigerian external trade during 1952 continued to follow trends established in 1950 and 1951; with significant changes in only the visible trade balance, which became less "favourable" to Nigeria.

LABOR DEVELOPMENTS.

It may be said, generally, that there were almost no significant developments in the field of Nigerian labor during 1952; with continuation of previous government training and other labor services, relatively inactive labor unions, and few important disputes. The cost of living of local laborers continued to rise during 1952, as they had during 1951, bringing pressure for higher wages. These higher costs were the major factor in evidence effecting workers' living conditions during the period. Few complaints in re the cost of living were registered outside of the larger towns and cities; due to the fact that fewer price increases persisted outside urban centers, proximity to farm suppliers and few labor leaders or labor organisations exist in non-urban areas. Major employers in Nigeria, including Government and large commercial and construction firms granted wage increases during March, April and May 1952; but, as actual payment of the new wages by Government did not take place until very late in the year, no effects on living conditions were ascertainable. No appreciable changes were observed in working conditions for non-Nigerian workers and salaried employees. Salaries and living conditions for this group continued to be much better than for equivalent positions in the countries from whence they were recruited, as this is necessary to attract and retain such specialists in the unhealthy climate and often difficult working conditions of Nigeria.

Certain improvements in working conditions and services to workers took place, primarily in large establishments, during the year. As a responsible labor officer put it, "There is evidence of a gradual but sustained improvement in working conditions." The classes of improvements which have taken place include increased wages; regulated hours (general 35-40 hours per week); improved training facilities; paid sick and vacation leaves; pension schemes; improved housing accommodations; commissary services; new dispensaries; company-sponsored scholarships for workers' children; and maternity clinics. It must be reiterated that these improvements prevail in only the larger firms and government or quasi-government rural resettlement projects and the Cameroons plantations.
Workers employed by the smaller companies and enterprises still endure very poor conditions, with long hours and low pay. There was a marked reluctance on the part of workers to accept employment under these conditions and it is hoped that a growing scarcity of willing recruits will gradually force these operators to offer better conditions.

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It is regretted that detailed data in regard to training programs, worker education schemes, labor arbitration, man-hours lost on strike, etc. are not yet available for the year 1952. Official labor statistics are not yet drawn up, and published information is over 12 months out of date. It may be stated, however, that there was a country-wide shortage of skilled workers, particularly in the building trades, and the Nigerian government increased its training programs in an attempt to meet these demands.

According to best official estimates, about 61,800 man-days were lost by labor disputes during 1952; of which approximately 47,500 were lost during one 16-day strike. This strike involved the very large staff of workers on the Likomba (British Cameroons) banana plantation of Elders and Fyffe and arose out of alleged rudeness to the manager by a union leader. No other major work stoppages are reported, although the Enugu colliery workers began a slowdown strike in December, 1952.

Labor union membership at the end of 1952 was reported at 150,672 (116 unions); as compared with 140 unions with 152,269 members in December 1951. These figures must not be accepted without reservation; no one can vouch for their accuracy as they are based upon often doubtful union reports. It must also be borne in mind that there are almost no labor unions in Nigeria which possess the characteristics of stable organization, regular officers, union discipline and recognized bargaining capacity. Government Labor Officers (Trade Unions) established Trade Union Education Committees in each of the three Regions of Nigeria. These Committees are made up of labor unionists who arrange lectures, discussion groups, and other educational activities for local union members. Books and other aids have been given the committees by the British Council, the British Trade Union Congress, and the Consulate General. Also during the year, the Extra-Mural (Extension) Department of the University College, Ibadan, gave a special four-day course for labor union members. Thirty people from thirteen unions attended. In December, 1952, eight Nigerian labor leaders went to the Gold Coast to attend a one-month's training course given by the I.C.F.T.U. The course was given for unionists from all the territories of West Africa and is planned to be an annual affair.

With the exception of the Nigerian Union of Teachers (N.U.T.), Nigerian unions were not active to any extent. Both the coal miners' and the seamen's unions were debilitated by internal strife over positions of leadership within the party. The N. U. T. however, continued well-organized pressures to improve the lot of teachers, and could claim much of the credit for obtaining pay increases for Government teachers

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in 1952. Labor Officers consider this union to be the only effective, disciplined union in Nigeria, and it is led by one of the country's most respected individuals. Nigerian unions cannot yet be considered a strong factor in the country's economy or politics.

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TRANSPORTATION DEVELOPMENTS

Transportation facilities' inadequacies continued to inhibit full development of the Nigerian economy. Improvements were mainly in the form of extension and improvement of roads. Data is not yet available on most of the national road developments in 1952, as no single agency is responsible for highway maintenance and improvement, but it is known that increased prices of labor and materials made necessary a cut in 1952 plans for road improvement by all agencies concerned. A discussion of the road works carried out by the various Regional Production Development Boards during the year may be found in the section of this report devoted to development activities. No statistics are obtainable in regard to either the projects carried out by the Nigerian Public Works Department or by the various Native Authorities (local government bodies) but the latter agencies carried out many small roadbuilding projects. These consisted mainly of improving various short stretches of so-called "bush roads" linking villages or linking villages to main roads, often through voluntary labor furnished by residents of the villages involved. From fragmentary data available, it is estimated that the Public Works Department spent about £780,000 on roads during the first three quarters of 1952; although this is only rough estimate.

Major economic effects of the roadbuilding programs for 1952 were felt in the field of export agriculture, new roads enabling the purchase for export of greater quantities of cotton in the North and Cocoa from new plots in the West. Not only was considerable new production made available to the Marketing Boards concerned, but costs, to the farmers, of getting the goods to buying centers was reduced in affected areas. Trading activities were also stimulated somewhat in areas serviced by the new roads. Development and other official agencies continued to emphasize the need for more and better roads, as there are still many areas of the country which are not accessible or may be reached by truck only during the dry season.

Communications by railway did not show any significant gain during 1952, with the railways proving incapable of moving the Northern peanut crops to southern ports with any degree of rapidity. By year's end the new locomotives which had been ordered from the United Kingdom over the past two years had still not been delivered. No optimistic estimate can be made as to when the railway system will be able to meet the demands presently made upon it. The most obvious economic results of this situation are the deterioration, and subsequent diminution of value, of peanuts in storage in the

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North, and inhibition of potential coal production at Enugu by reason of evacuation inadequacy.

Air transport facilities improved markedly during 1952, through expansion of the West African Airways Corporation, Nigeria's only internal airline W. A. A. C. put into service six new "Marathon" passenger craft, enabling more frequent schedules to points in Nigeria and nearby Gold Coast. Emphasis was also placed on second-class air travel, which became very popular among Nigerian traders and small businessmen. Reports also indicate that there was a sharp increase in the use of air freight facilities, which offer a chance to offset the generally slow and unreliable service furnished by truck and railway transportation in Nigeria.

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FUTURE DEVELOPMENT OF THE NIGERIAN ECONOMY.

There is no reason to believe that there will be any sharp changes in the character of the Nigerian economy within the near future. The reporting officer feels that the place of Nigeria in the international economic picture will continue to be that of a supplier of raw materials and a great consumer of manufactured and semi-manufactured goods from abroad - a market having a huge potential demand, but an effective demand limited by the generally low cash incomes of its inhabitants. There has been a steady expansion of the Nigerian market for foreign goods since World War II, but the effective demand is expected to level out, or drop off slightly, within the next two years. This expectation is based upon the already-evident trend of lower world market prices for several of Nigeria's major money and export crops; i.e. cocoa, oil-palm products, peanuts and rubber; coupled with the slow effects of measures to improve their competitive position via higher quality and lower costs. Steps are being taken to improve Nigerian growing and processing methods, but the reporting officer does not feel that compensating success can be reached before unfavourable market conditions have made detrimental inroads into this country's competitive position.

A depression of the prices of Nigeria's export products would not, of course, have the strong, universal effects upon the lives of Nigerians that such an occurrence would have in more complex economies which are so much more dependent upon international trade. It is only within the past few years that the bulk of Nigeria's population has been able to buy any substantial amounts of non-essential goods; and, excepting in the larger urban centers, loss of cash income from export crops would mean only reversion to dependency upon local food crops and local crafts. These individuals have not yet, for the most part, come to depend to any large extent upon foreign markets and foreign goods for their daily living. However, foreign suppliers must be depended upon to fill those needs present for manufactured goods. The following list of industrial establishments in operation during 1952 (all foreign-owned) show how little manufacturing is done in Nigeria:

1. Nigerian Brewery, Ltd. (Apapa)
2. British Cotton Growers Association (Zaria)
3. Metal Containers of West Africa, Ltd. (Apapa)
4. African Timber and Plywood Co. Ltd. (Sapele)
5. Nigerian Tobacco Co. Ltd. (Ibadan)
6. West African Soap Co. Ltd. (Apapa)
7. Nigerian Oil Mills, Ltd. (Kano)

It should be noted that these are the only industrial operations in Nigeria of any economic significance, and of these none is making hard consumer goods for general local use. With

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the above exceptions, there has been no large-scale investment in industrial operations; foreign monies being put into mines and wholesale trading-commercial companies. Management of the commercial firms feel that Nigeria's effective demand will continue to make such operations profitable, especially in view of the relatively low investment level necessary to trading operations.

An Agricultural pattern based upon small farms and a relative absence of both large farms and plantation establishments is expected to persist in Nigeria. The British authorities have deliberately restrained the development of large foreign-owned estates here, preserving the land f the Nigerians; this laudable policy from the social and political standpoints haa inevitably had its concomitant price in inefficient agricultural operations by the small subsistence farmers. Under a self-governing Nigeria whose policies are directed by nationalists there would be no reason to expect a reversal of policy to encourage foreign plantation operations; nor is there any indication that Nigerians will reverse themselves and commence their own plantations and estates.

The fact that there have been only scattered establishments for industrial operations, and a very few based upon large foreign investments, is felt to be more economic than political, despite the present political uncertainty. Economical operation of manufacturing or semi-manufacturing plants requires the presence of such factors as suitable and adequate labor pools, economical supplies of raw materials, adequate power supplies, and suitable transportation for both raw materials and finished goods. In most parts of Nigeria these factors are not present; thus rendering it much more profitable to import, via inexpensive sea transport, finished goods for the local market. Slow development of scattered, small industries are the most which can be expected in the near future.

Whether or not the future political climate will be such as to encourage foreign investment to any sizeable extent is not yet clear. The British authorities in Nigeira, as well as the present mixed administration, have welcomed foreign investments of a sound nature and have encouraged it by liberal provisions for remission of profit ar' by special tax, and other concessions. However, prominent members of two major local political parties have made their opposition, generally, to such investment a matter of public record. Until these individuals have full responsibility it will be difficult to say whether or not they will pursue a policy which would make foreign private investment in Nigeria difficult.

Nigeria's domestic economy will not change significantly

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in the near future, continuing to be mainly subsistence farming in most areas. Efforts to bring about the adoption of better farming practices such as crop rotation, use of better seeds, mixed farming, correct cultivation, etc. are meeting with the slow results which could be expected in view of the long experience with primitive agriculture and of the general lack of education among farmers. Domestic food production will continue to be carried out on the old lines, mainly, producing enough to fill the needs of the populace, but with little to spare. Trading of produce throughout Nigeria is well-established and temporary shortages in very localized areas will continue to be only occassional and of short duration. Over the long term, however, the rapidly increasing population of the country may well come to present a food problem.

To summarize, Nigeria will continue for the present to produce enough food to feed herself with export crops continuing as they are now, excepting that market prices or these products can be expected to decline. No large-scale industrialization can be expected in the near future, and Nigeria will stand in international economics as a supplier of a limited variety of raw materials and a market for significant quantities of basic manufactured goods.

Erwin P. Keeler
American Consul General

Copy to American Embassy, London

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SOURCES:

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2. Digest of Statistics, Vols. 1 and 2.
3. Overseas Survey - 1952; Barclay's Bank (D.C. & O.)
4. West Africa: weekly magazine
5. Western Regional Production Development Board's Annual Report 1951/52
6. Questionaires completed for the Consulate General by various official and private sources.
7. Public Relations Department press releases.
8. Annual Report and Accounts of the Northern Regional Production Development Board for 1950/51
9. Colonial Development Corporation's Report and Accounts for 1952
10. Regional Crop and Weather Reports (monthly) by regional Departments of Agriculture
11. A Revised Plan of Development and Welfare for Nigeria 1951-56, published 1951
12. Estimates of the Government of Nigeria 1953-54 and Memorandum on the Estimates for same year.
13. Quarterly Reports of the Department of Labour
14. Interviews with government economic officers and with private commercial sources.

APPENDIX 1

PUBLIC WORKS DEPARTMENT

NATIONAL TRUNK ROAD PROGRAMME 1952

Part I: Trunk roads now in course of improvement or construction

Road	Estimated total Cost £
Jos - Bauchi	70,000
Otta-Idiroko	40,000
Ife-Benin	90,000
Benin-Asaba	150,000
Enugu-Abakaliki	60,000
Katsina-Yashe	30,000
Gusau-Sokoto	200,000
Lagos-Ikorodu	50,000
Ikorodu-Ibadan	150,000
Zaria-Kano	40,000
Ijebu-Ode-Benin	300,000
Bansara-Manfe	30,000
Calabar-Manfe	40,000
Kwongoma-Kaduna	40,000
Gombe-Numan	50,000
Yola-Wukari	250,000
	£1, 590,000

Part II: New works proposed

Road	Estimated cost	Remarks
Lagos-Abeokuta (improvement)	£30,000	No major work in hand but widening of existing bituminous surface to 22 feet by direct labour is being carried out as staff and opportunity permit.
Onitsha-Enugu (improvement)	£75,000	Survey commenced.
Jos-Bukuru (improvement)	£20,000	A survey has been made which includes proposals for a 3¼ mile deviation incorporating a new bridge in order to separate traffic from the existing N'Gell road and rail bridge. The design for the new bridge which will have a 22 feet carriageway is in hand.

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APPENDIX II

1. The Aid to Pioneer Industries Ordinance.

(i) With a view to encouraging the investment of capital in Nigeria for the purposes of introducing, developing or expanding any industry considered suitable to the economic requirements of the country this Ordinance is designed to afford relief from taxation during the earlier years of existence of those industries which qualify, within the terms of the Ordinance, as being "Pioneer Industries".

(ii) An approved Pioneer Industry will be relieved from taxation in Nigeria for a period which varies according to the amount of fixed capital expenditure incurred in the establishment of the Industry. The appropriate period of relief is as follows:-

Fixed Capital Expenditure	Period of Relief
Less than £15,000	2 years
From £15,000 to £99,999	3 years
£100,000 and over	5 years

(iii) It is provided by the Ordinance, inter alia, that during its tax relief period a pioneer company may not engage in any trade or business other than a trade or business the whole of the profits of which are derived from its pioneer enterprise.

(iv) Subject to certain conditions dividends paid to shareholders of a pioneer company are exempted from taxation in the hands of the beneficiaries during the tax relief period of the pioneer company.

(v) Restrictions are placed on the amount which may be paid by way of dividend or bonus, during its tax relief period, by a pioneer company. In addition a pioneer company may not advance monies on loan, during a tax relief period, without having first obtained the approval of Government.

2. The Income Tax (AMENDMENT) Ordinance, 1952.

(i) This amending legislation had two major objectives. They were, firstly, to effect a number of necessary changes in various sections of the Income Tax Ordinance (Cap.92) and, secondly, to introduce provisions whereby substantial Initial Allowances and subsequently Annual Allowances are granted in computing profits for

taxation purposes in respect of various categories of capital expenditure. These allowances, at the rates set forth below, superceded formerly existing principles and rates. Allowances operative from 1st April, 1952, are as follows:-

(a) Initial Allowances (i.e. first year allowances)

On (qualifying) Building Expenditure @ 25% of cost.

On (qualifying) Mining Expenditure @ 25% of cost.

On (qualifying) Plant Expenditure @ 40% of cost.

(b) Annual Allowances (i.e. second and subsequent yearly allowances).

On (qualifying) Building Expenditure @ 10%.

On (qualifying Mining Expenditure @ not less than 15% per annum (or such greater allowances as the Commissioner of Income Tax may determine).

On (qualifying Plant Expenditure @ such just and reasonable rate as shall be determined by the Commissioner of Income Tax.

(ii) The granting of substantial initial allowances will, it is hoped, encourage the investment of new capital in Nigerian trade and business.

TABLE I

Five Leading Suppliers of Nigerian Imports (by £ value)

1951		1952	
Country	Exports to Nigeria	Country	Exports to Nigeria
U.K.	83,189,000	U.K.	58,207,455
Japan	7,524,000	Japan	11,344,649
India-Pakistan	4,943,000	India-Pakistan	6,471,299
Germany	4,493,000	Germany	6,458,907
Italy	3,846,000		
(U.S.A.	3,709,000)	U.S.A.	5,180,788

TABLE II

Five Leading Countries of Destination for Nigerian Exports (by £ value)

1951		1952	
Country	Imports from Nigeria	Country	Imports from Nigeria
U.K.	89,343,000	U.K.	91,110,445
U.S.A.	15,875,000	U.S.A.	14,818,052
Germany	2,836,000	Germany	2,584,992
France(and poss.)	1,822,000	Netherlands	2,208,811
Netherlands	1,808,000	Irish Republic	1,169,371

TABLE III

Five Leading Nigerian Import Items (by £ value)

1951		1952	
Cotton piece-goods	14,898,000	Cotton piece-goods	22,765,000
Rayon piece-goods	7,125,000	Artificial silk "	6,787,000
Tobacco, unmanufactured	5,996,000	Iron-Steel, unspecified	4,508,995
Iron-Steel, unspecified	5,496,000	New Jute bags	3,586,942
Cement	2,562,000	Commercial Vehicles	3,145,515

TABLE IV

Five Leading Export Items, by £ Value (quantities in parentheses)

1951			1952		
Cocoa	(121,478 T)	31,381,000	Cocoa	(114,731 T)	28,666,151
Palm Kernels	(347,000 T)	20,059,000	Palm Kernels	(347,163 T)	20,411,981
Palm Oil	(150,000 T)	12,949,000	Palm Oil	(167,288 T)	14,617,372
Peanuts	(141,000 T)	9,321,000	Peanuts	(260,444 T)	17,995,677
Tin	(11,753 T)	8,974,000	Tin	(10,575 T)	7,995,677

TABLE V

Notes and Coins in Circulation

	December 31, 1951	December 31, 1952
Notes	£48,462,558	£53,342,095
Coins	£ 45,368,622	£46,350,033
Total	£93,831,180	£99,692,128

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